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1. HAMMARSKJOLD'S VIEWS ON SUEZ PROBLEMS



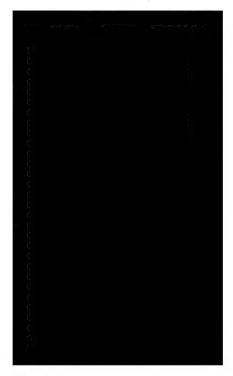
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UN secretary general Hammarskjold has told American representatives that he plans to establish the UN emergency force in two stages—the first being the stationing of 1,800 men, mostly Scandinavian, at

Port Said. The second stage involves moving a force of about 4,200 men to the armistice lines, "ultimately" ending up on Israel's borders. Hammarskjold believes that a 6,000-man UN force is needed, of which 4,200 are now available.

On clearing the canal, Hammarskjold said the UN would take the responsibility and underwrite any loans, but that final payment should probably come from canal tolls. He is optimistic about the withdrawal of British and French troops and Egypt's consent to clearance operations beginning the following day. He recognizes that "many people" believe the Egyptian position on clearing the canal is unreasonable, but feels that, as an executive of the General Assembly, he must act in accordance with assembly directives, which gave clear priority to troop withdrawal.

2. SUEZ CANAL SITUATION



Statements from London and Cairo point to the continuing possibility of incidents in the Suez Canal zone that might lead to a resumption of hostilities.

Stating that his demarche was made with Nasr'sknowledge, an Egyptian spokesman has emphasized to the American embassy in Cairo the growing tension and frustration in Egypt since the cease-fire, and expressed fear of possible "rash action" by Egyptian officials and people. He said Nasr does not "seriously" believe the British are planning new aggression, but stated that Cairo had recently received reports of new British military preparations in Libya.

The spokesman informed the embassy that Egypt wants a deadline established for the complete withdrawal of Anglo-French forces. He stated that Egypt would "prefer" the UN to set such a deadline, since an Egyptian attempt to do so would amount to an ultimatum.

The British and French continue to with-hold their agreement to definite arrangements for withdrawal from Egypt. According to Secretary General Hammarskjold, Foreign Secretary Lloyd said on 25 November that he would announce a date for the beginning of evacuation when he is satisfied that arrangements for the canal clearing operation are in order.

The British, meanwhile, appear to be contemplating moving beyond the cease-fire line either salvage equipment or some of the ships which were marooned in the canal.

Britain intends to

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move salvage operations down the canal, halting only if fired upon by the Egyptians.

British and French forces in the canal zone remain sufficient to conduct full-scale hostilities. British forces in Egypt as of 28 November numbered 13,300 with approximately 31,000 on Cyprus. French ground strength currently in the canal area is believed to be approximately 6,500 with an additional 6,500 on Cyprus. (NOFORN)

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6. PROVINCIAL RADIOS CONTINUE TO CRITICIZE HUNGARIAN REGIME

Regional Hungarian broadcasts have recently expressed views opposed to the Kadar regime in Budapest. Radio Gyoer has criticized the Kadar government and

specifically expressed its opposition to the regime's conduct in the Nagy abduction. The Miskolc station has announced the continuation of the strike and rejected the appeal by the Budapest Central Workers' Council to return to work.

Comment The adoption of a hard line by Kadar on 25-26 November may foreshadow an attempt to impose censorship over these provincial broadcasts. The regime apparently has already done so in Budapest, where similarly independent views were broadcast last week by Radio Budapest.

Kadar's stiffer policy may have followed talks with Soviet deputy premier Malenkov, who reportedly has been in Budapest for the past few days. Following his threat to hunt down "counterrevolutionaries," Kadar has apparently arrested a number of Hungarians, including several "insurgent" writers who at one time were Communists.

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7. SOVIET TROOPS REPORTEDLY RESUME EAST GERMAN BORDER, CONTROL RESPONSIBILITY

The United States military mission in Potsdam believes that Soviet personnel have reassumed control of the East German borders. West German officials at East German border-crossing areas re-

ported on 26 November that Soviet troop units had reappeared at several check points and are apparently backstopping East German troops assigned to those areas. Except for the Soviet control points on the autobahn between West Germany and Berlin, the borders had been under East German control since October 1955.

Comment Resumption of Soviet control over East German borders at this time probably reflects concern in Moscow over the increased restiveness of the East German populace and possible Western efforts to exploit it.

Reports of Soviet troop movements within Germany during November indicate that detachments were being deployed to bolster the East German borders on the east and possibly the west.

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8. CZECHOSLOVAK COMMUNIST PARTY LAUDS STALINIST HERO



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Czechoslovak Communist leaders used the 23 November anniversary of the birth of their former chief, Klement Gottwald, who died in 1953, to "do homage to him and to look homeward to Stalinism," ac-

cording to the American embassy in Prague. Although never completely disavowed by the party leadership, Gottwald--the party's Stalin-type strong man for over 20 years--was mildly and reluctantly censured by the regime last spring, in line with the over-all bloc campaign against the "cult of personality." Since then, he has been mentioned only occasionally by regime leaders.

Gottwald was praised ostentatiously, the embassy reports, with the reopening of the Gottwald mauso-leum, celebrations in key cities, the unveiling of a Gottwald monument at his birthplace in Dedice, and heavy press coverage of the day's events.

Party leaders in their speeches stressed Gottwald's insistence on Czechoslovakia's friendship with the USSR. Politburo member Kopecky asserted that this treatment of Gottwald had nothing to do with the "cult of personality," since the country was commemorating the anniversary of a real revolutionary leader.

The restoration of Gottwald's reputation has probably been desired by party leaders for some time, and it should serve as a clear warning to any party elements in favor of increased liberalization and independence from Moscow. The regime fears that events in Hungary will stimulate the discontent evident last spring among intellectuals, students and local party officials. (CONFIDENTIAL)

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9. INDONESIAN VICE PRESIDENT CHALLENGES SUKARNO



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Indonesian vice president Hatta, who will resign on 1 December, has directly challenged President Sukarno by publicly stating that the "assertion that our national revolution has not yet been consummated

is wrong." The principal theme of Sukarno's political pronouncements has been the necessity for "unity" in order to "complete the national revolution." More recently he has added the refinements of a need for a "guided democracy" and the abolition or at least the de-emphasis of political parties.

Hatta, who is widely respected in Indonesia, is known to have grave reservations about Sukarno's inclination toward dictatorship and willingness to accept Communist support. His statement, which was largely devoted to a critical analysis of the Indonesian situation, was made in the presence of Sukarno and Prime Minister Ali. It points strongly to Hatta's intention to take up an active political career following his resignation. Such a step would increase the cleavage in Indonesian politics, with Moslem parties rallying to Hatta and the National and Communist parties supporting Sukarno.

In the recently convened Constituent Assembly, voting already has been sharply drawn between the Moslem parties and nationalist-Marxist parties. The extension of this development to political relationships outside the assembly will almost certainly have repercussions in the coalition cabinet, possibly leading to a political crisis. (CONFIDENTIAL)

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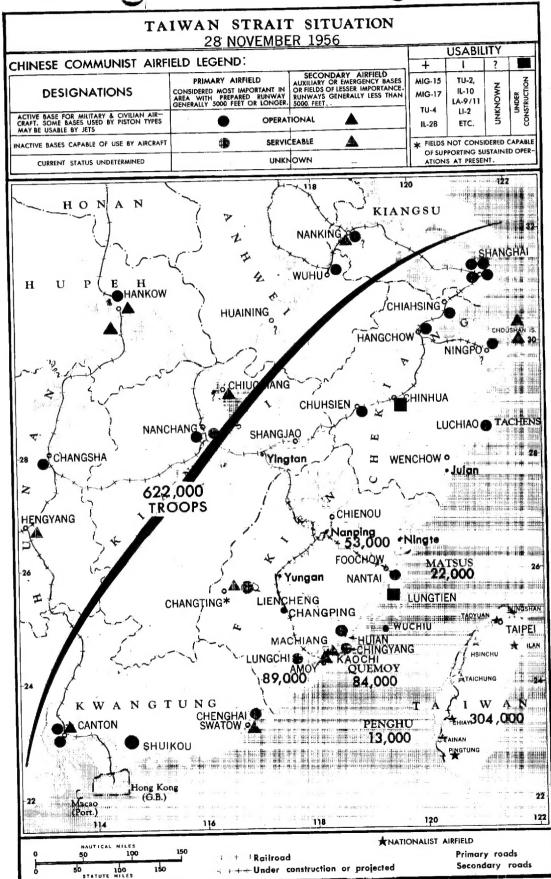
BIWEEKLY SUMMARY (14 November-28 November 1956)

THE TAIWAN STRAIT

Report of the IAC Current Intelligence Group for the Taiwan Strait Problem

There were no significant developments in the area during the period. (CONFIDENTIAL)

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